

Message Text

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C O R R E C T E D C O P Y (TEXT INCOMPLETE)

PARIS FOR UNESCO

E.O. 11652: N/A
TAGS: AORG, PFOR, EGEN, EFIN, UN, IT
SUBJ: CONTRIBUTIONS TO INTERNATIONAL ORGANIZATIONS BY MAJOR
CONTRIBUTOR NATIONS

REF: (A) GENEVA 5529, (B) ROME 11949 (NOTAL),
(C) ROME 11241 (NOTAL), (D) ROME 12581

1. DURING AUGUST 2 VISIT, AMBASSADOR DALE, GENEVA POLCOUNS
GRIP AND ROME EMBOFFS HAD USEFUL EXCHANGE OF VIEWS WITH
MINISTRY OF FOREIGN AFFAIRS (MFA) REPS FERRARIS (VICE
DG FOR CULTURAL AFFAIRS), FERRABOSCHI (UN AFFAIRS) AND
MINGAZZINI (OFFICE DIRECTOR, MULTILATERAL ECONOMIC COOPERATION)
ON SUBJECT OF LIMITATION OF CONTRIBUTIONS TO
UN ORGANIZATIONS. WITHIN FRAMEWORK OF MUTUAL CONCERN FOR
UNCONTROLLED INCREASES IN INTERNATIONAL AGENCY BUDGETS,
DISCUSSION CENTERED ON FRENCH PROPOSAL (REF A), MINGAZZINI
(ORAL, THUS FAR) PROPOSAL (REFS B, C), INCREASED INTEREST
OF FISCAL AUTHORITIES IN INTERNATIONAL ORGANIZATION
BUDGETARY AFFAIRS AND POSSIBILITY OF JOINT ACTION ON
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UNESCO BUDGET MEETING IN SEPTEMBER, 1976 (REPORTED SEPTTEL
- REF D):
(A) FRENCH PROPOSAL. AMB. DALE NOTED US INTEREST IN FRENCH
APPROACH, ADDING THAT FRENCH HAD AGREED TO PRESENT FURTHER

DEVELOPMENT AND ORAL EXPLANATION OF THEIR PROPOSAL TO GENEVA GROUP REPS ON THURSDAY, AUGUST 5 IN GENEVA. AMB. DALE SAID THAT USG, AND POSSIBLY OTHERS, WOULD HAVE JURIDICAL PROBLEM STEM-MING FROM TREATY OBLIGATIONS TO PAY DULY-LEVIED CONTRIBUTIONS. THIS PROBLEM HAD NOT BEEN CONSIDERED IN FRENCH DRAFT TAND FRENCH PRESUMABLY WOULD ADDRESS THIS POINT IN AUGUST 5 PRE-SENTATION. MFA REPS AGREED THAT GOI AS WELL WOULD HAVE TREATY PROBLEM; NEVERTHELESS, THEY INDICATED THAT GOI WAS VERY INTERESTED IN FRENCH PROPOSAL AND THAT GOI SUBSCRIBED TO PRINCIPLES ENDORSED. CONSENSUS WAS THAT FRENCH PROPOSAL INTERESTING BUT THAT FURTHER ACTION IN THIS AREA SHOULD AWAIT FRENCH EXPLANATIONS.

(B) MINGAZZINI PROPOSAL. MINGAZZINI OUTLINED MAJOR ELEMENTS HIS PROPOSAL: (I) NO RPT NO BARGAINING WITH LDCS ON SIZE OF CONTRIBUTION, (II) GLOBAL APPROACH (NO CASE-BY-CASE CUTS) AND (III) ISSUANCE OF PARALLEL INSTRUCTIONS BASED ON CONSULTATIONS IN NATIONAL CAPITALS. DISCUSSION CENTERED ON THE POSSIBLE DRAW-BACKS OF IMPLEMENTING GLOBAL APPROACH; THAT IS, A CEILING LIMITATION (LIKE THE FRENCH PROPOSAL) OR A COORDINATED, NON-NEGOTIABLE LIMITATION ON THE PERCENTAGE INCREASE ACCEPTABLE TO THE MAJOR CONTRIBUTORS. MAJOR PROBLEM IS DEGREE OF DISCRETION ALLOWED SECRETARIATS WHICH COULD ENDANGER PROGRAMS OF INTEREST TO MAJOR CONTRIBUTORS. THE CASE-BY-CASE APPROACH WOULD AVOID DANGER TO THESE PROGRAMS BUT WOULD ENTAIL MAJOR COMMITMENTS TO ANALYSIS AND REVIEW OF INDIVIDUAL PROJECTS. (MFA REPS WERE CLEARLY UNWILLING TO UNDERTAKE SUCH REVIEW.) ALTERNATIVE TO PROJECT-BY-PROJECT APPROACH IS INDEXATION OF CERTAIN EXPENSE CATEGORIES; FOR INSTANCE, PERMITTED PERCENTAGE INCREASE IN ADMINISTRATIVE COSTS WOULD BE DIFFERENT THAN PER-CNETAGE INCREASE IN PROGRAM COSTS. CONSULTATION AND THE NEED FOR PARALLEL PRESENTATIONS WERE EMPHASIZED, PARTICULARLY SINCE THE APPEARANCE OF DISAGREEMENTS AMONG THE MAJOR CONTRIBUTORS COULD BE EXPLOITED BY THE SECRETARIAT AND THE LDCS.

(C) FINANCIAL CONTROLS. MFA REPS NOTED THAT ITALIAN MINISTRY OF TREASURY OFFICIALS HAD FORMALLY REQUESTED TO BE PRESENT AT INTERNATIONAL AGENCY BUDGET REVIEW MEETINGS. MFA REPS NOTED THAT IN RECENT YEARS, TREASURY MINISTRY PRESSURE TO HOLD LINE ON CONTRIBUTIONS HAD BECOME MARKEDLY GREATER. IN RESPONSE LIMITED OFFICIAL USE
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TO MFA REP'S QUESTION, POLCOUNS GRIP REPLIED THAT USG WOULD CONSIDER THE POSSIBILITY OF SENDING STATE DEPARTMENT EXPERTS IN BUDGET/FINANCIAL AFFAIRS TO REINFORCE US REPRESENTATIVES TO INTERNATIONAL ORGANIZATIONS. IT WAS NOTED THAT THIS WOULD LIMIT ANY MANEUVERING ROOM CONCEDED PERMANENT REPRESENTATIVES, RE-FORCING NATIONAL CAPITAL COMPONENT EMPHASIZED BY MINGAZZINI.

2. IT WAS AGREED THAT MAJOR CONTRIBUTOR PRESSURE ON SECRETARIATS SHOULD BE BROUGHT TO BEAR EARLY IN THE BUDGET FORMULATION PROCESS. AMB. DALE DESCRIBED GENEVA GROUP CONSULTATION PROCESS WITH SECRETARIAT BUDGET OFFICERS AND DESCRIBED NEW PROCEDURES REQUIRED BY ADVANCING OF US FISCAL YEAR. HE NOTED THAT THIS

WOULD FORCE SECRETARIAT BUDGET OFFICERS TO FOCUS ON BUDGET LEVELS WELL IN ADVANCE; THIS WAS CONSIDERED ESSENTIAL IN PERMITTING TIMELY MAJOR CONTRIBUTOR REVIEW. IN THIS CONTEXT, AMB. DALE NOTED THAT SIMPLE OPPOSITION TO BUDGETS WAS NOT ENOUGH; USG AND USSR HAD OFTEN VOTED AGAINST BUDGETS WITHOUT AFFECTING FINAL PASSAGE. HE CITED IMPORTANCE OF ALSO ESTABLISHING DIALOGUE WITH LDCS AS RISING ADMINISTRATIVE COSTS IN GENEVA AND NEW YORK WOULD ADVERSELY AFFECT FUNDING FOR PROGRAMS.

3. COMMENT: ALTHOUGH HIGHLY UNSTRUCTURED, MEETING RESULTED IN USEFUL EXCHANGE OF VIEWS AND POSSIBLE APPROACHES TO PERCEIVED COMMON PROBLEM OF BOURGEONING CONTRIBUTIONS TO INTERNATIONAL ORGANIZATIONS. AS POINTED OUT ROME REFTELS, OUR AIM HAS BEEN TO SENSITIZE GOI TO EXISTING MECHANISMS AND EFFORTS IN THIS AREA. AMB. DALE AND POLCOUNS GRIP HAVE MADE A SUBSTANTIAL CONTRIBUTION TO THIS PROCESS. EMBASSY BELIEVES THAT IT WOULD BE USEFUL TO KEEP GOI INFORMED OF FURTHER PROGRESS IN THIS AREA, MOST NATURALLY THROUGH US MISSIONS TO THE SPECIFIC INTERNATIONAL AGENCIES. EMBASSY, OF COURSE, WILLING TO DO ITS PART.

4. FOREGOING NOT CLEARED BY AMBASSADOR DALE. VOLPE

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